



Of Interest *In Kentucky*

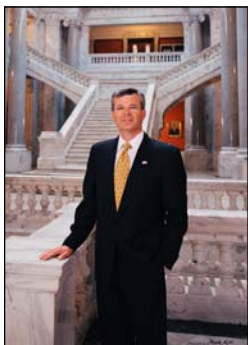
Quarterly Newsletter of the Office of Financial Institutions

Issue No. 3, Fall 2007

"The mission of the Office of Financial Institutions is to serve the public through effective and efficient regulation that promotes consumer confidence and economic growth."



Commonwealth of Kentucky
Office of the Governor



Kentucky's Hispanic population has increased tremendously in the last decade, which is a testimony to our growing and diverse economy. A new bank branch in Louisville has recognized the potential of this emerging market by opening Kentucky's first branch designed specifically for the Latino community.

The fully bilingual Nuestro Banco, which is Spanish for "our bank," opened its doors at 8512 Preston Highway on July 23 and celebrated its grand opening on Aug. 10. Nuestro Banco is a division of Citizens Union Bank and a member of the Federal Deposit Insurance Corporation.

According to statistics recently presented to the Kentucky Bankers Association, 97 percent of Kentucky Hispanics speak Spanish at home and 51 percent speak English "less than very well." The U.S. Census Bureau reports there are about 18,000 Hispanics in Jefferson County, which is 2.6 percent of the population.

I applaud Citizens Union Bank for reaching out to this "underbanked" population. Everyone who does business in Kentucky deserves to feel welcome and comfortable while completing transactions. Businesses that are culturally inviting can form the basis for community development, community pride and cultural enrichment.

Sincerely,

Kentucky
UNBROIDED SPIRIT™

OFI joins mortgage licensing system

The Kentucky Office of Financial Institutions (OFI) will be among the first states to join the Nationwide Mortgage Licensing System (NMLS) beginning Jan. 2, 2008—which means a change in the registration and renewal process for both mortgage individuals and entities.

The NMLS was developed by state regulators through the Conference of State Bank Supervisors and the American Association of Residential

**Nationwide
Mortgage
Licensing System
Entitlement**

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In Brief ...

OFI District 3 office relocates

The OFI District 3 staff has relocated to a new Louisville field office at 9112 Leesgate Road. There are 17 examiners who cover District 3, which includes Louisville, northern Kentucky, Elizabethtown, Bardstown, Lawrenceburg, Frankfort and Shelbyville.

"The Louisville district office serves an important region of our financial services industry in Kentucky, and we needed the additional space," said OFI Executive Direc-

tor Cordell Lawrence. "This move and expansion doubles our capacity, which positions us well for supervising the growing financial services industry."

OFI examines banks, credit unions, mortgage bankers/brokers, consumer finance, payday lending and securities, including broker/dealers and advisers.

To schedule an appointment to visit the new office, call OFI's main office at 502-573-3390. The Louisville field office phone number is 502-429-3290.

Conference offers information to bankers



Cordell Lawrence

Here at OFI, we believe there is value in being a state-chartered institution, and we're always willing to answer questions. That's why we decided to host the first Bank Executive Management Conference on Oct.

10 with the help of the Conference of State Bank Supervisors (CSBS).

Twenty-eight people attended this event, held at the Marriott Louisville Downtown. Attendees received information on succession planning, real estate, regulatory issues, the mortgage market, affordable housing and historic tax credit investments, and national legislative issues.

As you know, OFI is charged with regulating state-chartered and licensed financial institutions. CSBS is a national organization based in Washington, D.C., that represents all state financial institution regulators. This conference provided bankers with information on trends in the industry and fostered communications between bankers and state regulators.

Our keynote speaker was FDIC Director Thomas J. Curry, who discussed the current dynamics of the nation's mortgage market. He declared the banking industry as a whole remains strong and healthy, but cautioned that institutions are not immune to the problems of the mortgage industry.

The concept of the conference and content of the information imparted to the bank executives was well received



Guest speaker FDIC Director Thomas J. Curry discusses the current dynamics of the mortgage market.

by the participants. Because of this encouraging feedback, we will begin planning to host another conference next year for the benefit of Kentucky's bankers and to enhance the consultative supervisory relationship that it engenders. I hope to see you there.

Investing at the forefront

OFI has placed its dedication to consumer outreach at the forefront of its activities in the last six months, as it sponsored and participated in a number of investor education initiatives.

2007 marks the beginning of Kentucky's Campaign for Wise and Safe Investing, which is made possible through a grant from Investor Protection Trust (IPT) and the AARP Foundation. The first campaign event was Sept. 12 in Louisville. More than 130 seniors attended the Senior Scam Jam, where they learned about investment fraud, mail fraud, predatory lending, home improvement fraud and identity theft. The campaign coordinators – OFI, AARP, the Attorney General's Office and others – plan to continue the campaign in 2008 with several similar events throughout Kentucky.

From June 27 through July 3, OFI joined the North American Securities Administrators Association to sponsor a booth during the Senior Olympics in Louisville. OFI distributed information to 1,192 people at this national biennial event.

A few weeks later, OFI joined the state JumpStart Coalition for Personal Financial Literacy to have a booth during the Annual Career and Technical Education Summer Program. More than 560 educators visited the booth July 23-24 to pick up free copies of financial literacy curriculums. The two curriculums offered free by OFI – The Basics of Saving and Investing and The ABCs of Credit Card Finance – were also highlighted during presentations that were well-attended by teachers.

On Oct. 27, OFI joined the Evelyn Brust Financial



An investment adviser, center, discusses post-retirement investment options with participants in the Investor Education @ your library program.

Research and Education Foundation, IPT and the Louisville Free Public Library to host a free program called Investor Education @ your library. After the presentation by guest speaker Richard Carnes, several investment advisers gave non-commercial help on a one-on-one basis to investors.

In Brief...

Bankers prepare for potential disasters

OFI and the Kentucky Bankers Association co-hosted the forum, "Issues Bankers Face in a Disaster," at Lake Barkley State Resort Park on Oct. 16. About 120 bankers and regulators from five states gathered to exchange ideas about potential risks to financial institutions posed by a major disaster and the sources of assistance available should such an event occur.

Speakers discussed issues that arose during Hurricane Katrina and examined risks and assistance in western Kentucky and areas around the New Madrid seismic zone. The goal was to broaden the safety net for financial institutions and facilitate communications across state lines. Other topics included earthquakes, floods and pandemics.

"It is difficult to predict what could happen if disaster strikes," said OFI Executive Director Cordell Lawrence. "But we can make ourselves ready, and we can have contacts in place so we know who to call for help."

OFI joins NMLS

Mortgage Regulators. It is designed to enhance consumer protection and streamline the licensing process for the industry and regulators.

The NMLS will allow individuals to conveniently manage their own registrations with OFI through a secure Web site. What's more, mortgage originators who do business in multiple states will need to fill out licensing and/or registration forms just one time if those states are participating in the NMLS.

So far, 40 state agencies have declared their intention to participate in the NMLS. Currently, 12 of those states, including Kentucky, are using the new forms in paper format. Kentucky will be among the first to begin using the online database when it goes live Jan. 2.

To prepare for that start date, entities (but not individuals) are required to complete a Company Base Record Setup request form and identify a Primary Account Administrator by Dec. 1, 2007. This need only be done one time by each distinct legal entity, no matter the number of states in which the entity does business. For more information and instructions, visit www.kfi.ky.gov and click on the green

"Entitlement" logo.

Between Jan. 2 and June 30, 2008, OFI will require current mortgage brokers and company licensees, as well as current mortgage loan officers and originators, to complete a company or individual record in the NMLS and submit it to OFI.

"OFI is proud to be one of the first state agencies to join the Nationwide Mortgage Licensing System," said OFI Executive Director Cordell Lawrence. "Our participation will provide significant benefits to mortgage practitioners and the consumers of our state."

The NMLS has been in production since 2004, and state regulators have helped develop the system and forms. The NMLS will incorporate a central repository of information about licensing and public adjudicated enforcement actions. Licensees will be able to check the status of their application, their state license and other information online. The system also will collect licensing fees at the time of application or renewal and disburse these to the state agencies, which will retain regulatory authority to approve, deny, suspend or revoke a license.

For more information, visit www.csbs.org and click on "Mortgage Licensing" at the top right.

Board holds annual meeting

The Financial Institutions Board met Oct. 9 at the Louisville Marriott Downtown. The annual meeting offers the 12

members representing banking, consumer finance, credit unions, securities and the public at large an opportunity to comment on various OFI reports and activities.



Calvin Moye addresses a class of 27 OFI employees at the start of the Real Estate Appraisal School.

Examiners do well in appraisal school

OFI successfully hosted a Real Estate Appraisal School from Oct. 15-19. Of the 27 OFI employees who took the class – almost all of whom are mortgage, bank and credit union examiners – 22 took the final assessment. The average score was 89.36 percent, and there was no curve to the grade.

Calvin M. Moye offers the same class to state and federal agencies through the Federal Financial Institutions Examination Council. Instead of paying tuition fees and travel expenses to send each examiner to a

class out of state, OFI brought Moye to the central office on a personal service contract, saving OFI thousands of dollars in training costs. Participants received a pre-course Self-Study Manual, a detailed Classroom Manual and a CD containing PowerPoint presentations and other information published by CALMO Realty Services Inc.

In the evaluation form comments, one participant called it a "great class. I have been to a lot of training courses in my 17 years and this was one of the best."

OFI has been reaccredited

OFI has received high marks from its national accrediting organizations.

The National Association of State Credit Union Supervisors and the Conference of State Bank Supervisors both reaccredited OFI for five years. The scores

are confidential.

Annual report available online

OFI's 2006 Annual Report is now available online at <http://kfi.ky.gov/aboutofi/annualreports.htm>. It includes statistical and historical information about financial services industries.

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Meet the new OFI staff members

Bill Owsley began supporting OFI Aug. 1 as legal counsel in banking and securities. Bill has 20 years experience in civil litigation in the private sector. He received bachelor's degrees in journalism and political science from Indiana University and a law degree from the University of Kentucky. Born and raised in Louisville, he now lives in Lexington with his wife, Susan. They have an 18-year-old son, Daniel, and a 15-year-old daughter, Sarah.



Jessica R. Sharpe started counseling OFI on mortgage issues Aug. 1. Jessica was previously a law clerk for the Kentucky Supreme Court for two years. She received a bachelor's degree in finance from the University of Florida in her home state, and her law degree from the University of North Carolina at Chapel Hill in 2003. She and her husband, Jim, live in Lexington with their two daughters, Julianne, 3, and Jenna, 1.



Rachana Rahman joined OFI's Information Technology Branch as a programmer/analyst Sept. 4. She received a bachelor's degree in computer science from Kentucky State University in 2003 and has begun work on a master's degree. She and her husband, Matiur, are from Bangladesh, and have an 8-year-old son, Monon. They have lived in Frankfort since 1995.



Gail McDonald stepped behind the switchboard on Sept. 17 as OFI's receptionist. She previously retired from the Circuit Court Clerk's Office in Frankfort, where she



worked 22 years. She lives on a farm in Frankfort with her husband, David, who works in IT. Their son, David, is married to Hope, who works in the Securities Division. Gail's grandchild, Brooke, is 8.

James C. Strode again took the helm of OFI's Securities Division on Oct. 1. Jim worked for the Department of Banking and Securities from 1976 to 1981 and was securities director for the last two years. Since then, he practiced law in Lexington, was active in the cellular telephone industry and operated several small businesses. Jim has a bachelor's degree in political science and a law degree from UK. He has one daughter, Meredith, who is 28. His wife, Mitzi, passed away in 2005. "I used to tell Mitzi this was the best job I ever had," he said. "I really enjoyed it."



Holly Hyatt joined the Louisville field office on Oct. 1 as a financial institutions examiner. She previously worked in the Education Cabinet and worked three summers at Whitaker Bank. She has a bachelor's degree in finance from Eastern Kentucky University and lives in Frankfort.



Jeff Swinford began working as a programmer/analyst in IT on Oct. 1. He worked for the Personnel Cabinet for 16 years and has a bachelor's degree in computer information systems from ECU. He is a Frankfort native who now lives in Anderson County.



Several temporary staff members have been hired in OFI's IT Branch. Philip Bailey is an interim employee who started work on Sept. 1. Three contract workers began work in June: Pallavi Inguva, David Baker and Billy Gully.

"Of Interest in Kentucky" is published quarterly by the Kentucky Office of Financial Institutions to provide useful information to the institutions that it regulates. It is written and produced by Kelly May, OFI public information officer. Reader comments and suggestions are welcome and should be addressed to Kelly at

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